

June 22, 2016



City of Veneta Business Retention and Expansion Program

Summary (DRAFT) Report

This project and report is made possible with the generous support from the following sponsors:



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Executive Summary

The City of Veneta recognizes that the key to business vitality is having a strong, thriving business base that has the capacity to endure and grow in today's rapidly changing economy. In order to help local businesses succeed, community leaders, including private and public representatives, came together to form *Veneta Business Connect* (VBC) which is a collaborative of organizations, community leaders, and businesses working together to better understand local business needs and issues while connecting resources and support when opportunities surfaced through coordinated business outreach.

Studies from across the country continuously highlight the importance of supporting existing local businesses rather than attracting new businesses. Nearly 80% of job growth is the result of local businesses expanding. Through this recognition, the City of Veneta partnered with Rural Development Initiatives (RDI) to establish a Business Retention and Expansion (BR&E) Program or *Veneta Business Connect*.

Veneta conducted twenty-two interviews with a cross-section of local businesses asking a series of questions to determine important business development factors and keys to success. Over a six-week period, volunteers and practitioners gathered data and information through interviews which was then synthesized using a data spreadsheet and analyzed for key themes and immediate follow-up assistance opportunities. The following themes represent important insights for local leaders, economic development professionals, and the community:

1. Veneta has a diverse business base with needs equally diverse.
2. Most businesses are generally satisfied with conducting business in Veneta.
3. Most businesses recognize Veneta as a quality place to live, own, and operate a business.
4. Workforce quality and skilled, qualified labor is a top concern and a fundamental key to Veneta's business success.
5. Infrastructure, both public and business-specific, is important for success and an identified area for improvement.
6. Relationship building amongst businesses and between businesses and the community is a top priority.
7. Access to business development tools and resources delivered in the area is in high demand – particularly around business and financial planning and meeting technology and automation advances in both production and retail sectors.
8. Access to capital and increased cash flow is a commonly identified business need.
9. Communication between regulatory/governmental agencies and businesses, particularly more recently established businesses, is critical for success.



Table of Contents

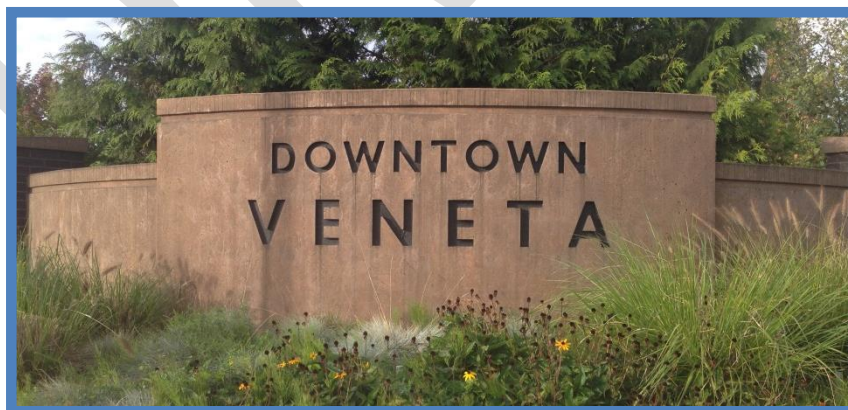
Introduction	4
About Veneta Business Connect and BR&E	5
Veneta Business Connect Process	5
Methodology and Business Visitation Process	6
Business Follow-up and Flag Warning Review.....	8
Business Characteristics and Climate.....	8
Business Climate	8
Business Health and Key Competitive Advantages.....	9
Business Expansions and Opportunities for Growth	9
Business Challenges	10
Veneta Business Innovation and Technology Opportunities.....	11
Business Location Factors	11
Quality of Available Business Resources.....	13
Business Priorities	13
Overall Issues, Themes, and Conclusion	14
Veneta Business Connect Action Plan (2016) – In Development – Completion date July 31, 2016.....	16
Business Follow-up Process, Summary, and Outcomes – In Process – Completion date July 31, 2016.....	16

Introduction

The City of Veneta has invested significant resources over the past several years to improve infrastructure including water and sewer, streetscape improvements, a transit center, and sidewalk and crosswalk improvements. In order to build upon the progress in the community's physical environment, City leaders determined simultaneous attention must be made toward supporting the success of local businesses so that they can take advantage of recent infrastructure improvements. Additionally, the connection between business needs and future development must be aligned to ensure that economic development efforts have the greatest impact.

Under the guidance of City's staff and the Veneta Economic Development Committee (EDC), a task force was formed to lead the formation and development of a Business Retention and Expansion program (BR&E), later named Veneta Business Connect (VBC). Per Committee bylaws a key component and purpose of the EDC is to support existing businesses. In addition to the City and EDC, the Veneta Business Connect task force is comprised of multiple organizations including Rural Development Initiatives (RDI) and Lane County Community and Economic Development. Additional support and guidance is provided by Business Oregon.

In 2015, the City of Veneta, with support from the University of Oregon Community Service Center, completed an Economic Opportunities Analysis and Five Year Economic Development Strategy to analyze opportunities for advancing economic development in the area. The purpose of this analysis was to assist the community in identifying and prioritizing projects of which the support and development of existing businesses was identified as a top priority which launched the development of a Business Retention and Expansion project, or, Veneta Business Connect. The following report summarizes research methodology, study findings, lessons learned, common themes, and various supportive addendums. This report is written as both a reflection on the existing business community and as a strategy forward for Veneta economic development efforts.



About Veneta Business Connect and BR&E

Business Retention and Expansion (BR&E) is a proven economic development strategy designed to address the three following primary objectives:

1. Retain or keep businesses in a community
2. Provide assistance for businesses to expand
3. Create a stronger pro-business climate

Additional project objectives include the following:

- Help existing businesses grow and create new jobs
- Stabilize jobs and retain businesses to provide economic security for local families
- Create a long-term outreach strategy that involves locally trained and skilled leaders
- Better connect local businesses with public and private resources to help them succeed
- Build capacity within Veneta to help its businesses respond to change and foster productive relationships

Veneta Business Connect Process

BR&E follows a common, yet adaptable, template. Veneta Business Connect tailored this project to reflect local community and economic conditions. The following steps were completed:

1. Plan and organize stakeholders and community to do the following:
 - Identify businesses with potential to resolving issues that affect their long-term success
 - Assess the condition of local businesses and the type and extent of assistance needed by using a customized business outreach and visitation process
2. Develop business outreach and visitation process that includes the following:
 - Organize and train a local task force or Visitation Team to conduct business visitations
 - Recruit and visit pre-determined businesses
 - Develop immediate follow-up assistance strategies
 - Review and synthesize gathered business information
3. Leverage and deliver existing local and regional resources to businesses and connect to outside expertise. This may include the following:
 - Broker public and private sector resources to small businesses in a community
 - Help business owners obtain business planning assistance and other tools
 - Connect businesses to capital providers or other technical expertise
 - Help businesses apply for financing
 - Identify specific aspects of management or operations where business owners may be deficient and help them find appropriate assistance
4. Develop solutions and celebrate success:
 - Develop short, medium, and long-term strategies to address common business strategies
 - Implement strategies to address common business needs and evaluate efforts

- Distribute project findings and celebrate successes

Through the implementation of Veneta Business Connect, the community is working to take the steps to create a sustained campaign to support the growth and success of local businesses. Additionally, the community has the opportunity to engage additional partners on an ongoing basis to assess local strengths, weaknesses, and opportunities while routinely adapting economic and business development strategies in a timely manner.

Methodology and Business Visitation Process

In consultation with RDI, the City of Veneta and the Veneta Economic Development Committee selected a cross-section of businesses to interview for the BR&E visitation process. The diversity of businesses selected represents the following recognition:

- Veneta businesses are diverse in size, scale, and industry type.
- The success of *all types* of businesses is paramount to a healthy business base.

Specific attention was also placed on the following targeted industry sectors as highlighted in the 2015 Economic Opportunities Analysis as key sectors for future growth:

- Food processing
- Professional, scientific, and technical services
- Secondary wood products
- Small-scale specialty agriculture
- Tourism and wine industry.

The EDC also placed emphasis on interviewing anchor businesses, large employers, closed businesses, retail, new/emerging and home based businesses, and medical services.

Over the course of a seven-week period, the following 23 businesses were interviewed as part of the visitation process. All business information is held confidential; however, we would like to acknowledge the time each business took to speak with our visitation teams.

Broadway Grill

Holte Manufacturing

Countryside Pizza and Grill

L'Etolie Farm

Domaine Meriwether Winery

Our Daily Bread

Fern Ridge Review

Pet Paws Dog Wash

First Call Resolution

Plough Monday

Goaty Girls Milk Soaps

Ray's Food Place

Veneta Business Connect Report

June 22, 2016

Robbie's Windowbox Cafe	Veneta Crossfit
Sweet Cheeks Childcare	Veneta Downtown Farmers' Market
Sweet Creek Foods	Veneta Family Dental
Taste	Veneta Rub Company
The Farm Store	Yurtel
Veneta Chiropractic Clinic	

A combination of nineteen local volunteers and community economic development practitioners comprised the Visitation Team. Teams were divided into pairs and interviewed between two and four businesses each. Every Visitation Team member participated in mandatory three hour training in preparation for conducting the business visits. Topics covered included an orientation to BR&E, interview best practices, and data reporting methodology. Members were required to sign confidentiality statements and all business information is securely held with Rural Development Initiatives. We would like to thank each team member for his/her involvement and dedication to the project. Without his/her support this project would not have been possible. Thank you to the following:

Jason Alansky	Marti Stevens Byers	Claudia Denton
Linda Boothe	Dave D'Avanzo	Steve Dobrinich
Len Goodwin	Heidi Khokar	Laura Ruff
Maia Hardy	Chris Lyman	Sean Stevens
Carolyn Heckler	Anne Mitchell	Herb Vloedman
Michael Held	Ron Osibov	
Ric Ingham	Charles Ruff	

Business Follow-up and Flag Warning Review

After all interviews were completed, data tabulated, and information synthesized, the Business Connect Leadership team, led by RDI and City staff, conducted follow-up outreach to businesses seeking support on a myriad of issues. Businesses were prioritized based on criteria such as potential for growth and other business needs using a “flag warning review” system. Businesses that needed immediate assistance were given a red flag and those that needed limited assistance a green flag. Follow-up is ongoing and will continue on a case-by-case basis. Service providers vary depending on business needs and other factors.

Business Characteristics and Climate

Twenty-two businesses participated and ranged in type, size, and sector to reflect Veneta's diverse business base. Types of businesses ranged from food and beverage production, hospitality, value added agricultural products, and general retail and medical services, to name a few. Approximately 64% of businesses are located within the City of Veneta and the remaining 36% within the immediately adjacent surrounding area—commonly referred to as the Fern Ridge area. Overall, 25 businesses were targeted with 23 agreeing to participate for a 92% participation rate. In typical BR&E programs, participation rates average between 65-70%. The higher than average rate represents an engaged and active business community and a testament to the volunteers who supported the project.

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Other notable business characteristics include the following:

- 9% of businesses operate seasonally
- 96% of businesses had a physical location
- 39% of businesses formed within the last three years
- 39% of businesses owned their own building/facility
- 96% of businesses had an online presence

Business Climate

As businesses range in type so too do perceptions of Veneta's business climate. Overall opinions ranged considerably. For instance, business owners expressed gratitude towards the city saying services are "excellent" while other businesses thought the community was "below average." Despite the paradoxical responses several themes emerged and are captured below:

- Veneta is a personable and friendly community.
- Veneta and the surrounding natural environment are key assets.
- Veneta is perceived to be a challenging place to start a business due to high building and land costs.
- Quality building space to own and rent is lacking.

June 22, 2016

- Many businesses are unsatisfied with "the number of hoops to jump through" at the local and state level.
- Interest in businesses being able to better connect to other businesses and to the broader community exists.

Although perceptions of Veneta's business climate vary greatly, the overall consensus is that the community is an average place to conduct business. As in most communities, there are areas in which Veneta thrives and areas where improvement is needed. Future strategy discussion should build upon the gathered information which serves as one piece to an overall puzzle on the path to creating an economically vibrant community.

Business Health and Key Competitive Advantages

Businesses overwhelmingly detailed an increase in annual sales and revenue while others were consistent or stable. The positive increases were attributed to several factors including an overall improving economy, strong housing and construction market, and more consumers "staying home" to shop. Several businesses attributed their strong and stable growth to maintaining consistent product lines and expansion into niche or specialty markets. Additionally, businesses frequently sighted that their most productive method of increasing sales is through word of mouth exchanges.

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Each business has its own unique set of attributes that makes it competitive in respective market places. While it is difficult to discern common themes from such diverse businesses, several noteworthy elements important for existing and future business success exist. They are the following:

- Limited competition from other businesses.
- Access to niche markets and the development of specialty services is a differentiating factor for several businesses.
- Quality customer care helps retain a loyal and growing customer base; however, it is increasingly difficult to attain with the quality of the local labor force.
- Personal relationships are foundational to success.
- Quality of product and service matters.

The above business health and competitive advantage indicator factors are important as economic development professionals, and the community, consider strategies to support the growth and sales of local businesses.

Business Expansions and Opportunities for Growth

Sixty-five percent of businesses have plans or are considering developing plans for future expansions. Several businesses expressed the need for new building space and technical services such as business planning and financial counseling in order to grow. While each business must ultimately pave its own path toward success, the opportunity for continued investment, support, and nurturing from local and regional

economic development service providers present a tremendous opportunity for future business growth in Veneta. Additionally, with 39% of the interviewed businesses having formed in the last three years, the need for routine and ongoing support across the business maturation cycle is imperative to any future strategy.

Many of the Veneta businesses are planning to seize market opportunities for growth in the next few years. Business plans include increasing product lines to diversify revenue streams, upgrade of production systems, expanding capacity through acquisition or renovation of larger production facilities or retail spaces, and diversifying point of sale opportunities. Many expressed optimism in plans for increasing revenues through developing new and unique products, and identification and accessing new markets.

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Business Challenges

With a diverse business mix, comes a fairly broad range of challenges. The most common challenges expressed were related to the availability of a local skilled labor force from which to draw. Many called out the lack of adequate basic job skills for entry-level positions. In addition, businesses that require a labor force with specialized education, training, or experience, are challenged by a complete lack of local candidates resulting in an inability to fill open positions in a timely manner or without a substantial investment in additional training.

Other common business challenges focused on the availability and ability to access working capital, to support adequate employment levels, business expansion, and acquisition or renovation of necessary facility space. The types of capital needed ranged in nature from capital investments and loans for infrastructure and equipment to supporting cash flow for more consistent product inventory and management and marketing.

Additional challenges expressed include the following:

- Access to assistance for business development or expansion, legal consultation, and business planning
- Difficulty in working with various agencies, ODOT, and local utilities to address safety and essential services for businesses located on Hwy 126
- Access to Broadband Internet service with adequate speed and bandwidth to conduct or expand online business
- Ability to connect with the general community and other businesses
- Automation and new efficiencies impact jobs and the skills required for production and retail jobs

Veneta Business Innovation and Technology Opportunities

As consumers are increasingly making decisions and purchases online and Internet sales expand, local retail businesses must invest in new hardware and software technology or web-based and merchant services to be successful. Several businesses expressed the need for learning about and developing systems to continue advancing online sales while meeting the rapidly changing consumer behaviors that require significant investments and upgrades. Additionally, access to education and tools in how to use available technologies is a common need across Veneta businesses. Specifically, assistance in developing web-based purchase ordering systems and improving product coding were listed as needs.

Across the range of Veneta businesses involved in production, direct services, and retail, they expressed the importance of being able to upgrade systems and processes to utilize technological innovation and change.

As technologies rapidly advance, the need for skilled labor also advances. Several local businesses offer employee trainings yet struggle to maintain a skilled workforce due to attrition and technology changes. Often, the return on investment is significant for retailers as they also must factor in new processes for packaging and distribution to on-line customers as well. Additionally, production equipment and processes are constantly upgraded, modernized, automated, and more efficient, which creates the need for investment in new equipment and employee training.

In addition, scale automation can mean that small, local businesses in Veneta cannot compete with larger volume automated production either in Eugene or elsewhere. In order to compete, businesses must reduce production and labor costs or develop strategies to market unique products or services, based on "local" attributes. Several employers have shifted business models by changing customers or accessed new markets to meet changing market needs. Businesses expressed the desire to have support in learning about strategies for reaching new markets.

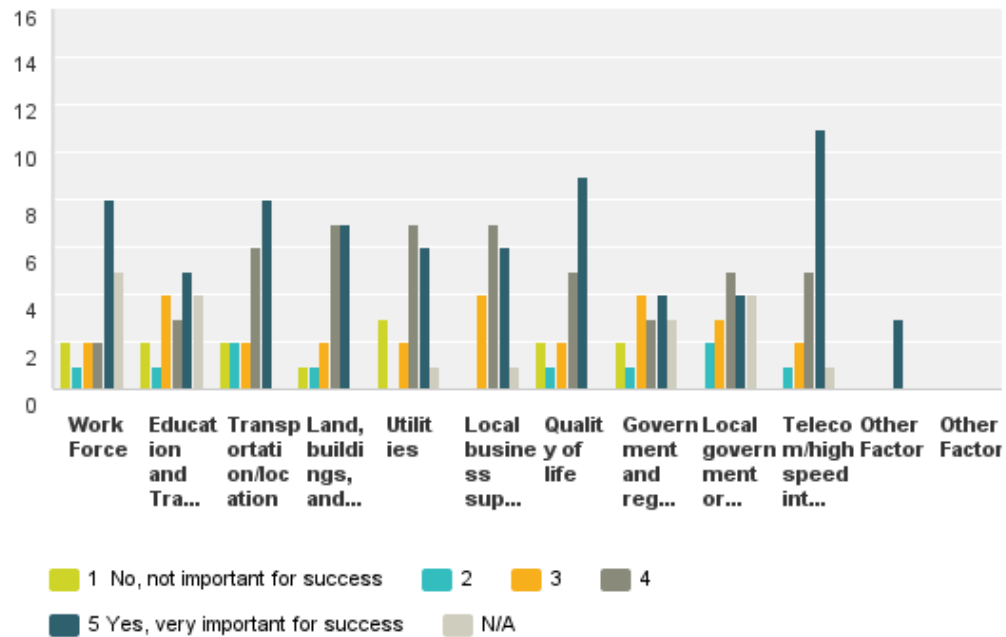
Business Location Factors

Businesses were requested to describe the most important factors important for their success. Factors included transportation, access to capital, and utilities. Due to interview collection methods, the data below contains interviewer biases. Biases were attempted to be removed; but due to interview time constraints and other factors, several interviewers completed scoring based on qualitatively disclosed information rather than businesses answering the question on their own. Interviewers were instructed to validate scoring by confirming a given score with the respondent. NOTE: Scoring is on a scale of 1 to 5, with 5 representing "very important for success" and 1 representing "not important for success."

June 22, 2016

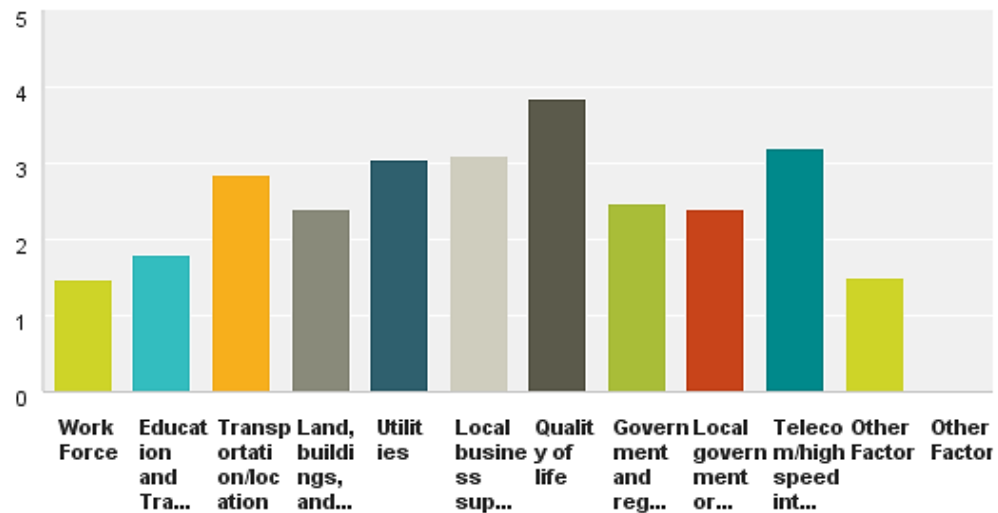
Q23 What are the most important location factors for your business success?

Answered: 20 Skipped: 0



Q24 How does Veneta stack up?

Answered: 20 Skipped: 0



Quality of Available Business Resources

Many businesses were unaware of available assistance and unsure about how providers could help their businesses. Those receiving and/or those who have received services are generally satisfied with the quality and availability of business resources; however, there are several opportunities for improvements. Specifically, the need for business planning, financial planning, and other business development services to be delivered in the community with some regularity were a top priority identified by interview teams based on the prevalence of such requests for support. Several businesses expressed a desire to connect with business coaches or mentors while others needed support in accessing capital. Based on the input received, several recommendations follow as long-term business development strategies are developed and implemented:

- Improve and increase education and awareness around availability of existing services and resources
- Continue to connect businesses to services on a regular and sustained basis
- Build upon and continue engaging partnerships to bring services to Veneta
- Continue identifying service gaps and increase in-community services where appropriate

Additionally, multiple businesses expressed the importance and value of having banking services in the community. Basic business amenities and services such as banking, bookkeeping, and insurance should be routinely evaluated. The departure of a key amenity, such as a bank, will negatively impact Veneta and, therefore, be monitored by community leaders.

Business Priorities

The following table identifies business priorities that would support businesses the most:

Business Priority	Business (Percentage)
High-speed Internet improvements	44.44
Special events or promotions (Friday night movies, music events, sidewalk sales, etc.)	44.44
Business support services (business planning, financial advising, bookkeeping, etc.)	44.44
Increased security (lighting, security cameras, increased police presence, etc.)	38.89
Exterior atmosphere of the area (front and rear entrances, landscaping, street trees, store fronts, sidewalks, cleanliness, signage, etc.)	38.89
Finance packaging/capital access	38.89
Sales and marketing	38.89
Shared business advertising	33.33
Property development	27.78
Dealing with government regulation	22.22
Improved rental facilities	22.22

Veneta Business Connect Report

June 22, 2016

Traffic flow or transportation	16.67
Customer service training	11.11
Parking	11.11
Public restrooms	5.56
Merchandising training	5.56

Businesses were also asked to share their “magic wand wish” for one thing that could be done tomorrow to most support their success. While such wands do not exist, the answers illuminated a variety of opportunities for future support and strategies to consider developing. Below are a few snapshot responses:

- Better able to connect with other businesses
- Less government regulation
- Business classes
- More square footage for expansion
- Support to access loans
- Improved advertising and marketing
- Grow the community bigger
- Business mentor and counselor
- Fix traffic on Hwy 126
- An educated workforce
- Capital

Overall Issues, Themes, and Conclusion

The City of Veneta and the immediately adjacent area contain approximately 100 active businesses. Veneta Business Connect reached nearly a quarter of these established businesses. Of those interviewed, 70% anticipated needing assistance implementing their business plans over the next 1-3 years; therefore, it can reasonably be assumed that about 70 businesses have an identified challenge or opportunity, both negatively and/or positively impacting their business, which will require some sort of support over the next 1-3 years. Continued business outreach and relationship building with existing Veneta businesses is a sound economic development strategy worth pursuing. Furthermore, ongoing partnering with service providers is critical in meeting this demand.

Ultimately, each business paves its own success; yet, the opportunity to provide meaningful support and resources is overwhelmingly present.

It can reasonably be presumed that about 70 businesses have an identified challenge or opportunity that will need to be addressed in the next 1-3 years.

In the meantime, several key themes and issues surfaced and merit further research, conversation, and action during the coming weeks. As the community, local leaders, and resource provider partners come to the table to discuss strategies for addressing “big ticket items,” the following several important factors should be considered during decision-making processes:

- Existing organizational capacities and bandwidth
- Availability of existing business services and resources
- Long-term investment and commitment of key partners to supporting existing businesses

- Desired outcomes and metrics
- Funding and sustainability of projects
- Utilization of local resources and capacities beyond the “ordinary suspects”

Key Issues and Themes

1. Public Infrastructure

- Continued improvements to Hwy 126 to improve safety and access- particularly for downtown and other high-incident areas
 - Potential action item to build upon from *Veneta Economic Development Strategy, 2015*: Collaborate with Oregon Department of Transportation to increase way-finding signage and direct traffic off of Highway 126 into downtown Veneta
- Improvement of and increased access to fiber/Internet availability
 - Potential action item to build upon from *Veneta Economic Development Strategy, 2015*: Pursue expansion and installation of a fiber optics line
- Continued improvements to the built infrastructure, particularly in the downtown area, to accommodate existing business growth potential
 - Potential action items to build upon from *Veneta Economic Development Strategy, 2015*: Create a vibrant downtown core area... and invest resources into infrastructure upgrades to existing... and potential businesses

2. Business Infrastructure

- Lack of available, quality, and affordable commercial rental spaces, particularly downtown, to allow businesses to grow and upgrade- Specific needs expressed included commercial kitchen space for production and storage, retail space for point-of-purchase sales and consignment space
- Business specific utility challenges such as adequate on-site power location, fiber access, and access issues - Specific needs vary in scale and scope

3. Business to Business Relationship Building

- Lack of coordination and availability of opportunities to connect with other businesses
- Lack of information and awareness of existing services and opportunities to connect with other businesses

4. Business to Community Relationship Building

- Businesses want better ways to bring their services and/or products to the local market place
- Businesses desire the community to be part of, and share with, their success

5. Business Tools and Resources

- Businesses are seeking business development tools and resources and need help in learning and accessing them
 - Primary services needed include, business planning, financial planning, mentorship and counseling, and adapting to changing technologies.

6. Workforce

- Availability of qualified and skilled labor – both entry level and specialized education, training, and experience is lacking creating the inability to timely fill positions
 - Potential action item to build upon from *Veneta Economic Development Strategy, 2015*: Collaborate with Lane Workforce Partnership to support workforce development.
- Challenges in maintaining employee training systems to meet technological changes

7. Access to Capital

- Businesses express limited knowledge or awareness of existing loan/capital resources.
- Businesses lack necessary understanding and/or plans of how to access, qualify, and manage incoming capital.

Veneta Business Connect Action Plan (2016) – In Development – Completion date July 31, 2016

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